

Article 18A.

Contracts of Minors Borrowing for Higher Education; Scholarship Revocation.

§ 116-174.1. Minors authorized to borrow for higher education; interest; requirements of loans.

All minors in North Carolina of the age of 17 years and upwards shall have full power and authority to enter into written contracts of indebtedness, at a rate of interest not exceeding the contract rate authorized in Chapter 24 of the General Statutes, with persons and educational institutions or with firms and corporations licensed to do business in North Carolina and to execute notes evidencing such indebtedness. Such loans shall be:

- (1) Unsecured by the conveyance of any property as security, whether real, personal or mixed;
- (2) For the sole purpose of borrowing money to obtain post-secondary education at an accredited college, university, junior college, community college, business or trade school provided, however, that none of the proceeds of such loans shall be used to pay for any correspondence courses;
- (3) The proceeds of any loan shall be disbursed either directly to the educational institution for the benefit of the borrower or jointly to the borrower and the educational institution. (1963, c. 780; 1969, c. 1073; 1987, c. 564, s. 36.)